

**VIRGINIA BOARD OF BAR EXAMINERS**

**REPORT ON AUDITS  
FOR THE PERIOD  
JULY 1, 2007 THROUGH JUNE 30, 2008**



## **AUDIT SUMMARY**

Our audit of the Virginia Board of Bar Examiners for the period July 1, 2007, through June 30, 2008, found:

- proper recording and reporting of all transactions, in all material respects, in the Commonwealth Accounting and Reporting System;
- matters involving internal control and its operations necessary to bring to management's attention; and
- instances of noncompliance with applicable laws and regulations or other matters that are required to be reported.

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## AUDIT FINDINGS AND RECOMMENDATIONS

### Ensure Compliance with the Commonwealth's Security Standard

The Virginia Board of Bar Examiners (Bar Examiners) does not have an information systems security program, and therefore, has not minimized the risk of poor data integrity, potential data breach, and the lack of availability of its sensitive and mission critical information. We recommend that the Bar Examiners address the following information security areas to comply with Commonwealth's security standards.

- Establish a Security Awareness Training Program
- Perform a Risk Assessment
- Complete a Business Impact Analysis
- Prepare Continuity of Operations and Disaster Recovery Plans
- Develop formally approved security policies and procedures as required by the Commonwealth's security standard

The Bar Examiners does not have the staff or the available resources to achieve an adequate information security program. We recommend that management continue to seek assistance from Department of Accounts (DOA) with the development of an Information Systems Security Program.

### AGENCY HIGHLIGHTS

The Bar Examiners is part of the judicial branch of government and administers the bar examination twice every year. The Bar Examiners evaluates the character and fitness of applicants and certifies individuals as eligible to practice law in Virginia. The Bar Examiners also administers the Law Reader Program that allows approved individuals to study law under an experienced general practice attorney to become eligible to sit for the examination.

In addition, the Bar Examiners reviews qualifications of persons applying for admission to the Virginia Bar without taking the examination. Under Section 54.1-3931 of the Code of Virginia, the Bar Examiners certifies to the Supreme Court of Virginia those applicants who have satisfied the reciprocity provisions and the Supreme Court's rules for admission on motion.

The Bar Examiners operates through a Special Revenue Fund and administers all activities under the Regulation of Professions and Occupation program. Revenues come from the collection of application fees for the examination and character and fitness fees from each examinee. Revenue collections for fiscal year 2008 were approximately \$1.22 million.

The following table shows the Bar Examiners original budget, final budget, and actual expenses for fiscal year 2008. The Bar Examiners received total resources of approximately \$1.3 million in fiscal year 2008.

#### Analysis of Budgeted and Actual Expenses for Fiscal Year Ended June 30, 2008

| <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Expenses</u> |
|------------------------|---------------------|------------------------|
| \$1,254,060            | \$1,254,060         | \$1,252,766            |

The table below summarizes the Bar Examiners expenses by major object for fiscal year 2008. Personal and Contractual Services represent approximately 73 percent and 17 percent of total expenses, respectively. Personal Services is comprised of seven full-time staff, two part-time salaried staff, and three part-time wage staff that work as needed. Contractual Services include costs to administer the exam.

#### Analysis of Actual Expenses by Major Object for Fiscal Year Ended June 30, 2008

|                        | <u>2008</u>        |
|------------------------|--------------------|
| Personal services      | \$ 914,037         |
| Contractual services   | 235,001            |
| Supplies and materials | 8,543              |
| Continuous charges     | 83,541             |
| Equipment              | <u>11,644</u>      |
| Total                  | <u>\$1,252,766</u> |

Source: Commonwealth Accounting and Reporting System



# Commonwealth of Virginia

**Walter J. Kucharski, Auditor**

**Auditor of Public Accounts  
P.O. Box 1295  
Richmond, Virginia 23218**

December 16, 2008

The Honorable Timothy M. Kaine  
Governor of Virginia  
State Capital  
Richmond, Virginia

The Honorable M. Kirkland Cox  
Chairman, Joint Legislative Audit  
and Review Commission  
General Assembly Building  
Richmond, Virginia

We have audited the financial records and operations of the **Virginia Board of Bar Examiners** (Bar Examiners) for the year ended June 30, 2008. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## Audit Objectives

Our audit's primary objectives were to evaluate the accuracy of recorded financial transactions on the Commonwealth Accounting and Reporting System, review the adequacy of the Bar Examiner's internal controls, test compliance with applicable laws and regulations, and review corrective actions of audit findings from prior year reports.

## Audit Scope and Methodology

The Bar Examiner's management has responsibility for establishing and maintaining internal control and complying with applicable laws and regulations. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

We gained an understanding of the overall internal controls, both automated and manual, sufficient to plan the audit. We considered materiality and control risk in determining the nature and extent of our audit procedures. Our review encompassed controls over the following significant cycles, classes of transactions, and account balances.

Revenues  
Expenditures

We performed audit tests to determine whether the Bar Examiner's controls were adequate, had been placed in operation, and were being followed. Our audit also included tests of compliance with provisions of applicable laws and regulations. Our audit procedures included inquiries of appropriate personnel, inspection of documents and records, and observation of the Bar Examiner's operations. We tested transactions and performed analytical procedures, including budgetary and trend analyses.

### Conclusions

We found that the Bar Examiners properly stated, in all material respects, the amounts recorded and reported in the Commonwealth Accounting and Reporting System. The Bar Examiners records its financial transactions on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The financial information presented in this report came directly from the Commonwealth Accounting and Reporting System.

We noted a matter involving internal control and its operation and compliance with applicable laws and regulations that requires management's attention and corrective action. This matter is described in the section entitled "Audit Findings and Recommendations."

Bar Examiners has taken adequate corrective action with respect to audit findings reported in the prior year that are not repeated in this letter.

### Exit Conference and Report Distribution

We discussed this report with management on December 16, 2008. Management's response has been included at the end of this report.

This report is intended for the information and use of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

AUDITOR OF PUBLIC ACCOUNTS

SLH:alh

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*Virginia Board of Bar Examiners*

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December 5, 2008

TO: Sheila Henshaw, Data Analysis, APA

FROM: W. Scott Street, III and Mary K. Altizer *WSS mkc*

RE: Audit Findings and Recommendations:  
Ensure Compliance with the Commonwealth's Security Standard

This will confirm that the provision under the heading "Audit Summary" that reads "instances of noncompliance with applicable laws and regulations or other matters that are required to be reported" is standard language and that the sole instance of non-compliance involves the Bar Examiners current non-compliance with the Commonwealth's information security standards. There was no finding of non-compliance with any applicable law.

We appreciate your recognition that we are without adequate staff or resources to comply with the applicable standards, and that we have followed the Commonwealth's recommendation to seek the necessary assistance from the Department of Accounts (DOA), which has been charged with the responsibility to provide such services to agencies such as the Virginia Board of Bar Examiners.

In accordance with the recommendations contained in the advance copy of your audit report for the period July 1, 2007, through June 30, 2008, we will continue to seek the assistance and guidance of the DOA's Information Systems Security Program. In mid-May 2009, we contacted Ron Necessary of the DOA and were placed on a list of agencies who need direction in this endeavor and were informed, at that time, that DOA was the first stage of hiring and training the needed information security officers. Again, in mid-October of this year, we called Mr. Necessary to get an idea of when we could expect DOA's support and below is Mr. Necessary's response to our inquiry:



Sheila Henshaw  
December 5, 2008  
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I do not have several people to help with security policies. I have two Information Security Specialist to implement the program. We have developed a risk assessment and Bar Examiners is not in the top ten agencies that we plan to visit. We are currently implementing a pilot program and will be moving out to agencies as soon as possible. Sorry that I cannot be more specific.

In a few months, we will again contact Mr. Necessary to see where this agency is positioned for the requested DOA's support. We look forward to receiving the necessary assistance to enable us to meet the applicable information security standards.

AGENCY OFFICIALS

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Brian K. Jackson

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